

		gallons	cost	total
	Mod 3	11,600 <sup>a</sup>	15.00 <sup>b</sup>	\$ 174,000
	Mod 4	11,600 <sup>c</sup>	23.65 <sup>d</sup>	\$ 274,340
Current	Phase 1 and 2 test fuels	3,300	24.06 <sup>e</sup>	\$ 79,398
	Phase 1 fuels to EPA	660	23.95 <sup>e</sup>	\$ 15,807
	Phase 3 test fuels	<u>8,800</u>	28.10 <sup>e</sup>	<u>\$ 247,280</u>
		12,760		\$ 326,678

a -- Based on 50 gallons per drum.

		50 gal/drum	55 gal/drum
	3 Phase 1 fuels	10 ea	1500
	3 Phase 1 fuels to EPA	4 ea	600
	3 Phase 1 fuels	10 ea	1500
	16 Phase 1 fuels	10 ea	<u>8000</u>
			8800
			11,600
			12,760

b -- Based on verbal budgetary estimate provided by Jim Carter of Haltermann on 10-16-2007.

c -- Should have been 12,760 gallons based on 55 gallons per drum.

d -- Should have been \$23.76 based on Haltermann quotation of 01-18-2008. Inadvertently used cost for fuel delivered to EPA.

e -- Based on Haltermann quotation of 02-01-2008.

Rough illustration of change in cost per gallon:

assume total cost of fuel is based on:

x = blended cost per gallon

y = fixed cost of setup for blending

In the case of Mod 4 (row 4):

Haltermann assumed 24 drums of each fuel as the basis of \$23.65/gal delivered.

24 drums x 55 gallons x \$23.65 = 31218

In the case of current Phase 3 test fuels (row 8)

Haltermann assumed 10 drums of each fuel as the basis of \$28.10/gal delivered.

10 drums x 55 gallons x \$28.10 = 15455

24 drums x 55 gallons = 1320gallons

10 drums x 55 gallons = 550gallons

Gives

1320 gallons @ "x" \$/gal + fixed setup cost "y" = 31218

550 gallons @ "x" \$/gal + fixed setup cost "y" = 15455

OR

$$1320x + y = 31218 \quad (1)$$

$$550x + y = 15455 \quad (2)$$

$$(1) \text{ gives: } y = 31218 - 1320x \quad (3)$$

(2) & (3) gives:

$$550x + 31218 - 1320x = 15455$$

Rearrange

$$31218 - 15455 = 1320x - 550x$$

$$15763 = 770x$$

$$x = \$ 20.47 \text{ fuel cost per gallon}$$

$$y = \$ 4,196 \text{ fixed cost of setup}$$